

SENATE BILL REPORT

SB 5848

As Reported by Senate Committee On:
Ways & Means, March 1, 2013

Title: An act relating to modifying the nonprofit tax exemption for qualifying blood, tissue, or blood and tissue banks.

Brief Description: Modifying the nonprofit tax exemption for qualifying blood, tissue, or blood and tissue banks.

Sponsors: Senators Becker, Cleveland and Rivers.

Brief History:

Committee Activity: Ways & Means: 2/27/13, 3/01/13 [DPS, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5848 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hill, Chair; Baumgartner, Vice Chair; Honeyford, Capital Budget Chair; Hargrove, Ranking Member; Nelson, Assistant Ranking Member; Bailey, Becker, Braun, Conway, Dammeier, Fraser, Hatfield, Hewitt, Keiser, Kohl-Welles, Murray, Padden, Parlette, Ranker, Rivers, Schoesler and Tom.

Minority Report: That it be referred without recommendation.

Signed by Senator Hasegawa.

Staff: Juliana Roe (786-7438)

Background: As a general rule, nonprofit organizations are subject to state and local taxes unless there is a specific statutory exemption. An exemption from federal income tax does not automatically provide an exemption from state and local taxes. Washington State provides tax exemptions for several types of nonprofit organizations.

In 2004, the Legislature reenacted exemptions for nonprofit blood, bone, and tissue banks. A qualifying blood bank must have a primary business purpose of collecting, preparing, and processing blood. A qualifying tissue bank must have a primary business purpose of recovering, processing, storing, labeling, packaging, or distributing human bone tissue, ligament tissue and similar musculoskeletal tissues, skin tissue, heart valve tissue, or human

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eye tissue. A qualifying blood and tissue bank must have a primary business purpose of collecting, preparing, and processing blood. All of the qualifying banks must be considered, under federal law as it existed on June 10, 2004, exempt nonprofit organizations and registered pursuant to federal law. These qualifying banks are exempt from the B&O tax, retail sales and use taxes, and property taxes.

Summary of Bill (Recommended Substitute): The definitions of qualifying blood bank and qualifying blood and tissue bank are expanded to include testing or processing of blood, on behalf of itself or another qualifying blood bank or qualifying blood and tissue bank. These expanded activities will be exempt from the B&O tax, retail sales and use taxes, and property taxes.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute): A technical change is made that removes duplicative language from the original bill.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: PRO: This bill does not expand the lines on a nontaxable activity, but rather adds the ability for different functions to be performed at different businesses. This bill will drive down blood-testing costs.

Persons Testifying: PRO: Len McComb, Phillip Williamsome, Creating Testing Solutions; James AuBuchon, Puget Sound Blood Center.